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**Statement of
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Chairman
FBI Transformation Panel**

Before the

**U.S. House of Representatives
Committee on Appropriations
Subcommittee**

on

Science, State, Justice, and Commerce, and Related Agencies

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Good morning, Chairman Wolf, Representative Mollohan, and Members of the Subcommittee.

It has been my privilege to serve as Chairman of the National Academy of Public Administration's Panel on the FBI Transformation for the past three years. I appreciate the opportunity to appear before you once again in that capacity to discuss the Academy's latest assessment of the FBI's progress in selected areas. As you know, the Academy is an independent non-profit organization chartered by Congress to assist federal, state, and local government organizations in improving their performance. The views presented today are those of the Panel and not necessarily those of the Academy as an institution.

Since June 2002, Chairman Wolf and this Subcommittee have asked the Academy to review various aspects of the FBI transformation and to provide the Subcommittee and FBI with appropriate findings and recommendations. The Academy, in response, assembled a Panel of experts to oversee the work of a team of Academy staff members. The fruits of those efforts in prior years can be found in previous testimony to this Subcommittee and in the Academy report, *Transforming the FBI: Progress and Challenges*, that was published this February and is based upon the Panel's work in 2004. I respectfully request that this report be included in the record.

Other members of the Academy's Panel for this year include Frank Chellino, Robert Alloway, Kristine Marcy, Martin Faga, Melissa Allen, Edward Flynn, and Floyd Clarke. The project description I am sharing with the Subcommittee and for the record summarizes their backgrounds and illustrates their value as sources of advice to the FBI. It also describes the four general areas that the Subcommittee identified for Academy review in 2005: 1.) Long-term Budgeting and Planning Strategies; 2.) the FBI Field Structure; 3.) the FBI's Directorate of Intelligence; and, 4.) Human Resources Management at the FBI. Our work continues in all four areas, but my testimony this morning will focus on the human resources and intelligence issues.

Human Resources. You may recall that one of the judgments in our February 2005 report was that "human resources management will require increased attention if the FBI is to

develop a skilled and agile workforce that is increasingly capable of meeting [its] transformation needs.” After discussions with Chairman Wolf, Subcommittee staff, and FBI officials, it quickly became apparent that there was broad agreement that the FBI’s human resources systems are a central element in accomplishing many of the FBI’s key objectives. Thus, the Chairman asked that we look more deeply into the FBI’s human resources programs and systems.

FBI management agrees that the Bureau must be able to recruit, hire, train, absorb, sustain, and retain large numbers of additional qualified personnel in an efficient and effective manner if it is to be able to pursue its new missions successfully. Thus, the Panel decided to conduct a high level review of the FBI’s human resources systems to identify the most important issues and provide a basis for decisions about where the Academy could best assist in their resolution. The result of that review is the report we are releasing today, entitled: *Transforming the FBI: Roadmap to an Effective Human Capital Program*. I respectfully request that this report also be included in the record.

On a positive note, we found that Director Mueller and other FBI officials have recognized many of the issues and have already dedicated resources to initiate a variety of near-term improvements in the human resources area. The FBI has accomplished much in this area and its efforts are bearing fruit. For example, we understand that its process for identifying the competencies that should be possessed by intelligence analysts are among those that the Director of National Intelligence will be using as a model for other Intelligence Community agencies. Further, as indicated in our report, the Bureau has developed a Strategic Plan and a Strategic Human Capital Plan, and has numerous initiatives underway to improve various parts of its human resource organization.

These noteworthy achievements are balanced, however, by the significant issues that persist in the human resources infrastructure that undergirds FBI operations. Overall, the FBI needs a systemic and integrated approach to planning and implementing improved human resource programs. Currently, it has a collection of programs, activities, and actions that, taken individually, can help in specific areas such as recruitment or background investigations in the

near term, but will not produce a well integrated, established, and successful human capital program.

We found that many aspects of the FBI's human resources systems should be substantially improved in order to resolve a range of human resource and staffing problems. Among the most important issues identified in the report is a fragmentation of responsibility and accountability, with at least three senior officials sharing some human resources functions. Further, human resource management responsibility and authority is shared among at least nine different offices and individuals at headquarters and within the field offices. Since no single official is responsible for the full range of human resources-related programs, coordinating change is much more difficult. As a result, even the best-intentioned planning, training, budgeting, and personnel efforts have sometimes been at cross-purposes.

A range of other human resources issues that require the attention of FBI management presented themselves. These include the lack of comprehensive succession planning or a leadership development strategy. This has contributed to the excessive turnover that has characterized FBI leadership in recent years. Using the human resources structure itself as an example, there have been three Assistant Directors in the Administrative Services Division with tenures ranging from only 17 to 21 months. The Deputy Assistant Director positions have seen similar change—the tenure in these positions ranges from 7 to 16 months. In two cases, the Deputy moved into the Assistant Director position, thus providing some continuity of leadership. Now, however, both the head of ASD and a key deputy have moved on to new assignments, and further changes at the top of the administrative organization are anticipated in connection with implementation of the WMD Commission's recommendations.

Similar turnover characterizes the operational side of the FBI. Floyd Clarke, one of our Panel members, observes that he was the FBI's Deputy Director for five years, but there have been nine Deputy Directors since he left the FBI in 1994. As noted in our report, the median tenure in the current assignment of Special Agents in Charge is only 15 months, while that of current SES officers in headquarters assignments is just 13 months. While it may be true that many of these officials will stay in their positions for some additional length of time, the point is

that they do not bring long experience to their current assignments. This has a variety of consequences – for example, short SAC tenures makes it extremely difficult for them to perform one of their most important functions -- developing effective relationships with state and local officials.

Other serious human resources-related issues result from limited connectivity to web technology at FBI field offices and at Quantico. The impact of this is illustrated by the fact that the Bureau purchased 10,000 licenses from a vendor for computer-based training, but access to appropriate computers is so limited that only 200 employees, on average, are in a position to use the licenses at any one time. Further, there is limited technology available in field offices to assist in carrying out administrative functions.

The hiring process for support personnel is criticized by many FBI officials as cumbersome, slow, and costly. As a result, the Bureau in the past has not been able to meet its hiring goals for support staff. While the FBI has had no difficulty reaching its goals for hiring new agents, the Bureau currently has substantial problems attracting agents to many of its high cost field offices and especially to headquarters assignments. And the “cultural issues” remain to be dealt with. As stated in our report:

. . . . Historically, there were only two occupations in the Bureau—special agents and clerks. Today, there are more than 100 occupations. These include language specialists, computer specialists, and general investigative personnel. With the increased focus on counterterrorism and intelligence, there is an increasing recognition that the professional workforce comprises more than just agents. Yet, the culture persists in viewing itself as made up of special agents and everybody else—now referred to as “support.” Nearly all human resource and budget planning documents continue to differentiate only between these two groups.

Resolution of these issues, and the many others that are identified in our report, will require a concerted effort by the FBI. Our recommendations suggest a ten part roadmap for the FBI to follow in improving its human resources management. Those recommendations include the following:

Appoint A Human Capital Implementation Team - A critical first step to change is establishment of a dedicated implementation team to manage the process of improving human resources policies, practices, and systems.

Create A Chief Human Capital Office And Officer - The Bureau must focus responsibility for strategic human capital management in a single component that is led by a professional Chief Human Capital Officer. The FBI has decided to create a Human Capital Office and is in the process of hiring an accomplished professional from the private sector to head it.

Develop A Strategic Workforce Planning And Staffing Process - The Bureau should develop a strategic workforce planning process that includes an assessment of what activities are required, who should do them, whether they should be done at headquarters or in the field, and the skills needed to carry them out.

Establish An SES Leadership Development And Succession Planning Program - The Bureau should continue to develop a succession planning and leadership development program to avoid excessive turnover and assure that the best candidates are selected for leadership posts, instead of filling SES positions on a case-by-case basis.

Develop A Communications And Employee Involvement Strategy – The FBI must have an effective communications strategy as it transforms its human capital programs. This strategy should involve managers, employees, and other personnel with a stake in the human capital system reform.

Increased Priority For Information Technology Support To Human Capital Programs - Information technology support for administrative functions has been given a lower priority than that for FBI operational programs. Increased attention to this area of IT support is necessary for improvement in the FBI's human capital programs.

Address Hiring Issues - The Bureau should develop an overall recruiting plan based on future needs and supported by workforce planning. Part of this plan should involve reconsideration of whether the background investigation process should be outsourced and what increases in technology are needed to monitor the hiring system effectively.

Initiate A Comprehensive Pay And Compensation Study - The special pay authorities that this Subcommittee advocated for the Bureau have given it an opportunity to design an integrated compensation program for its intelligence career service employees. That program could serve as a prototype for all of the Bureau's occupations. This requires a study of the Bureau's overall pay and compensation philosophy and a judgment of whether additional legislative authority is needed for this purpose.

Devise A Structured Career Development And Training Program - The Bureau should systematically address its entry-level training and overall training capacity, and provide career development approaches for all employees.

Provide Consistent Work-Life Policies And Programs - The Bureau should rethink all of its work-life programs to determine if there is a need to provide more consistent application across the Bureau.

FBI officials responded to this report in a very positive way, acknowledging the problems and issues, agreeing to take action, and expressing appreciation for the recommendations. We are now discussing with the FBI how best to pursue these recommendations and where the Academy can assist in their implementation. We are also engaged in discussions with the FBI regarding how best to implement the Subcommittee's most recent directions, as stated in House Report 109-118, that the Academy provide assistance to the Bureau in the areas of managerial training, use of new personnel authorities, and leadership development strategies. It is clear that addressing these issues adequately will require a combination of better use of existing authorities, additional investment in human resources programs, and careful analysis of whether new statutory authorities – such as relocation assistance for spouses – would be helpful.

Mr. Chairman, I think it important to add that, during the course of this review of FBI human resources issues, we had extraordinary cooperation from, and access to, FBI personnel -- from senior executives and managers to unit chiefs and line employees. We believe that this type of access, and the openness of those interviewed, contributed significantly to our ability to understand the issues and develop meaningful and helpful recommendations. We are grateful for that cooperation and access and look forward to that same spirit in our continuing work on intelligence, planning and budgeting, and field structure matters.

Directorate of Intelligence. I will now move to the Directorate of Intelligence (DI). The enactment of the Intelligence Reform and Terrorism Prevention Act of 2004 and the Consolidated Appropriations Act of 2005, along with the November 2004 Presidential memorandum, *Further Strengthening Federal Bureau of Investigation Capabilities*, required a substantial effort on the part of the FBI to develop and implement the plans, training regimes, and policies needed to initiate an intelligence collection and analysis program and comply with the various reporting deadlines that were imposed. Recognizing the scope and nature of this effort, and after discussions with Bureau officials and Subcommittee staff, the Panel agreed that

there was wisdom under the circumstances in waiting until after the end of the summer to approach the DI in a systematic way, which we now intend to do.

While deferring an in-depth review of the DI, we have continued to monitor its progress through reviewing reports and policy documents, analyzing data, and conducting selected interviews. We also discussed DI issues and policies with a range of DI and other FBI officials and employees as part of the human resources review.

Within the limited scope of our DI review to date, we can make the following observations:

-- The DI has developed an implementation plan for complying with the provisions of the Intelligence Reform and Terrorism Prevention Act of 2004, the Comprehensive Appropriations Act of 2005, and the President's November 2004 memorandum. The initial implementation goals were very aggressive and the achievement of some tasks, such as implementation of the intelligence career service pay authorities, will require more time.

-- the FBI required the creation of Field Intelligence Groups in each of its 56 field offices two years ago, and the DI was charged with providing the guidance necessary for those elements to become fully functional. A new Field Office Intelligence Handbook that better defines the roles of agents and analysts assigned to the Field Intelligence Groups has been developed and is being tested in presentations by headquarters teams to selected field offices. The DI's use of these headquarters teams and pilot offices to assess the new handbook and policies under field operating conditions is commendable.

-- the first installment of an Intelligence Policy Manual to guide intelligence dissemination has been developed and is now available on the FBI's internal computer system. This document stresses the importance of sharing information and provides procedures for doing so.

-- large numbers of new intelligence analysts are being hired and trained, and all existing intelligence personnel are being required to attend analyst training. Even this progress comes

with costs and uncertainties, however. As noted in our report, the demands associated with analyst training will severely strain the capacities of the FBI Academy through Fiscal Year 2006 and beyond. Further, according to data collected by the Department of Justice Inspector General, FBI intelligence analysts with advanced degrees are less satisfied in their work than those without advanced degrees; analysts hired within the past three years are less satisfied than earlier entrants; and those with prior intelligence experience are less satisfied than those who do not have that experience. Overall, 22 percent of the FBI's current analysts, and 35 percent of those hired in the last three years, say they plan to leave the Bureau within the next five years. And only 16 percent of those hired since 2002 say they are "very likely" to stay for the next five years.

-- most of the DI's headquarters components have not yet been fully staffed and are unable to assume the full range of their assigned responsibilities. Further, while priority has been given to hiring field and headquarters intelligence analysts, staff shortages in these components limit the ability of the DI to provide functions such as training and career development that are needed to support the growing number of analysts, translators, and surveillance specialists.

We also have monitored the continuing stream of external developments that have affected the DI. The latest of these is the President's June 29, 2005 directive. It is based on the findings and recommendations of the Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, and requires that the Bureau combine its counterterrorism, counterintelligence, and intelligence elements into a new national security-related workforce that will include agents, analysts, and other appropriate personnel.

The President instructed that this workforce be headed by an Executive Assistant Director or higher official, whose appointment is subject to the concurrence of the Director of National Intelligence (DNI), and who will have principal responsibility within the FBI for collection, processing, analysis, and dissemination of intelligence. Further, the intelligence activities of this workforce at FBI headquarters and its field offices are to be funded through the National Intelligence Program, and the DNI is to be provided the means to communicate with FBI personnel and components to ensure its intelligence activities are appropriately coordinated.

In response, the FBI has decided to establish a single Executive Assistant Director position to oversee the operations of a new National Security Branch that encompasses the Counterterrorism and Counterintelligence Divisions and the Directorate of Intelligence. Thus, there will be a single national security-related workforce in the FBI encompassing all of these components and their personnel, and its budget will be part of the National Intelligence Program. The Director recently announced the appointment of Mr. Gary Bald to be the Executive Assistant Director for this new Branch. Previously, Mr. Bald served as Executive Assistant Director for Counterterrorism and Counterintelligence. The Director also announced the appointment of Mr. Phillip Mudd, a senior CIA officer, to be the Deputy Executive Assistant Director to Mr. Bald. Both of these appointments have the concurrence of the Attorney General and the DNI. It is our understanding that the FBI is also developing procedures to facilitate the DNI's coordination of the activities of this national security workforce.

I should also note that, while Maureen Baginski is leaving her position as head of the Directorate of Intelligence, she will become a special advisor to the FBI. Ms. Baginski has been the principal architect of the DI's development over the past two years, and has worked tirelessly to create a capable Intelligence Career Service and an effective intelligence function at the FBI. Her departure, especially in conjunction with the reorganization I have just described, will mean new leadership, and possibly new directions, for the Directorate of Intelligence.

Since these changes have been announced only recently, we have not yet been able to assess their full impact upon the ongoing FBI effort to develop a more effective intelligence capability. The reorganization is obviously designed to achieve closer coordination within the FBI and between the FBI and the DNI, to centralize responsibility and accountability for national security activities at the Bureau, and to encourage the continued growth of a workforce capable of performing the FBI's national security mission. Whether or not it will accomplish those goals remains to be seen. We will take these dramatic shifts in structure and leadership into account as we begin our more in-depth review of the FBI's intelligence functions.

I again thank you for the opportunity to be here today, and for your continuing support. I will be happy to respond to any questions you may have in this regard.